

Message Text

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22

ACTION SS-25

INFO OCT-01 ISO-00 SSO-00 /026 W
----- 061254

P R 141038Z APR 76

FM AMEMBASSY LISBON

TO SECSTATE WASHDC PRIORITY 6756

INFO AMEMBASSY MADRID

AMCONSUL MUNICH

AMEMBASSY BONN

C O N F I D E N T I A L LISBON 2424

EXDIS

DEPT. PLEASE PASS USIA

STATE FOR EUR/MR. ARMITAGE AND EUR/WE/MR. BARBOUR

USIA FOR IEU/MCLAUGHLIN PASS ROBERT JORDAN

E.O. 11652: GDS

TAGS: PINT, US, PO, SP

SUBJ: RARET CONTRACT

REF: LISBON 2364

SUMMARY: EMBASSY HAS SEEN PROPOSED AMENDMENTS TO DRAFT CONTRACT WHICH ADD LANGUAGE CLEARLY STATING USG RELATIONSHIP TO RARET. RARET MANAGER TOLD EMBASSY SHE OPPOSED AMENDMENTS. SHE SAID SHE STILL PLANNED TO GIVE DRAFT CONTRACT TO GOP NEGOTIATOR APRIL 19. EMBASSY URGED THAT DRAFT BE KEPT IN-HOUSE FOR TIME BEING. END SUMMARY.

1. PROPOSED CHANGES: RARET MANAGER CALLED AT EMBASSY APRIL 13 AND GAVE US FOLLOWING BIB-SUPPLIED DRAFT AMENDMENTS TO DRAFT CONTRACT DISCUSSED IN REFTEL.

BEGIN QUOTE.

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1) FIRST CHANGE: AT BOTTOM OF PAGE FOUR ADD A NEW SECTION

THREE TITLED "U.S. GOVERNMENT PROPERTY LEASED TO RARET." TEXT SHOULD BE ROUGHLY AS FOLLOWS: "ALL MATERIAL OWNED BY THE UNITED STATE GOVERNMENT AND LEASED TO RARET WILL UNDER ANY CIRCUMSTANCES REMAIN THE POSSESSION OF THE U.S. GOVERNMENT."

2) PAGE SIX, PARAGRAPH TWO. THERE SHOULD BE ADDED A LINE SPECIFYING THAT ANY HARDWARE PURCHASED BY THE U.S. GOVERNMENT FOR LEASE TO RARET WOULD BE GOVERNED BY THE SAME RULE.

3) PAGE FIFTEEN ARTICLE NINE. THERE SHOULD PERHAPS BE A NEW ITEM C RELATING TO MATERIAL OWNED BY THE U.S. GOVERNMENT AND LEASED TO RARET. SUCH MATERIALS SHOULD BE EXCLUDED FROM THE TWO PERMANENT INVENTORIES DESCRIBED UNDER A AND B.

4) PAGE 21 ARTICLE TEN. BIB RECOMMENDS ADDING A NEW SECTION SIX. THIS SECTION WOULD INCLUDE A STATEMENT THAT THE CONCESSIONER WILL MAINTAIN A U.S. GOVERNMENT DELEGATE WITH THE MANAGEMENT OF THE COMPANY, THE DELEGATE TO BE DESIGNATED BY THE U.S. AMBASSADOR.

5) PAGE 22 ARTICLE ELEVEN. BIB WOULD LIKE TO SEE THIS PARAGRAPH DELETED ENTIRELY BUT IN THE EVENT THAT DOESN'T SEEM PRACTICAL WOULD LIKE TO HAVE AN INSERTION AT THE END OF THE FIRST SENTENCE ON PAGE 23, ARTICLE TWELVE ROUGHLY AS FOLLOWS: " WITH THE EXCEPTION OF THAT PROPERTY LEASED BY RARET FROM THE U.S. GOVERNMENT."

6) PAGE 25 ARTICLE THIRTEEN PARAGRAPH ONE, BIB WOULD LIKE TO ADD THAT IN THE CASE OF THOSE MATERIALS OWNED BY THE U.S. GOVERNMENT AND LEASED TO RARET THEY WILL REVERT TO THE U.S. GOVERNMENT WITHOUT ANY COST AT THE END OF THE PERIOD MENTIONED IN LINE A OF ARTICLE TWO.

7) PAGE 28 ARTICLE SIXTEEN ITEM ONE: WE ARE WONDERING WHETHER THERE SHOULDN'T BE A SUGGESTION REGARDING NEW MATERIALS PURCHASED AND INSTALLED SUBSEQUENT TO THE DATE ON WHICH THIS LEASE TAKES EFFECT WHICH WOULD SPECIFY THAT THE VALUE AT THE TIME THE CONTRACT IS RESCINDED WOULD BE CONFIDENTIAL

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GOVERNED BY NORMAL AMORTIZATION TABLES.

8) PAGE 31 ARTICLE EIGHTEEN: AT THE END OF THE SECOND PARAGRAPH BIB WOULD LIKE TO ADD THAT THIS CLAUSE DOES NOT APPLY TO ANY EQUIPMENT LEASED BY RARET FROM THE U.S. GOVERNMENT.

END QUOTE.

2. NEGOTIATION TIMING: RARET MANAGER SAID SHE HAD OPPOSED OBJECTIVE OF THESE AMENDMENTS -- NAMING USG THROUGHOUT THE CONTRACT -- AS INAPPROPRIATE FOR TIME FRAME SHE UNDERSTOOD SHE WAS WORKING WITHIN: NAMELY, PRESENTING DRAFT CONTRACT TO MAJ. FIGUEIREDO, RADIODIFUSAO PORTUGUESA PRESIDENT, ON MONDAY, APRIL 19. SHE SAID THAT SHE HAD EXPRESSED HER VIEWS TO RFE/RL AND BIB WASHINGTON VIA MR. CAMPBELL IN MUNICH, AND WAS GIVEN THE ASSURANCE THAT FOR NOW SHE COULD CONSIDER THE DRAFT AMENDMENTS MERELY AS A "SUGGESTION." THUS, SHE STILL PLANNED TO GIVE THE ORIGINAL DRAFT TO FIGUEIREDO ON APRIL 19. I TOLD HER THAT EMBASSY, APART FROM THE ISSUE OF SPECIFIC REFERENCES OR NOT TO USG IN THE DRAFT CONTRACT, BELIEVED PRESENTATION OF THE DRAFT CONTRACT TO GOP REPRESENTATIVE SHOULD BE FURTHER POSTPONED. I EMPHASIZED THAT ONGOING IN-HOUSE DISCUSSION ON APPROACHES RE SPECIFIC REFERENCES TO USG IN THE DRAFT CONTRACT MUST BE RESOLVED BEFORE DOCUMENT IS PLACED IN GOP NEGOTIATOR'S HANDS. SHE REPEATED STATEMENT THAT SHE HAD BEEN DELAYING PRESENTATION, ON ONE EXCUSE OR ANOTHER, SINCE APRIL 5, AND WOULD FIND IT DIFFICULT TO FURTHER POSTPONE GIVING MAJ. FIGUEIREDO THE DRAFT. WE LEFT IT THAT SHE WOULD GIVE EMBASSY VIEWS TO BIB IN OBTAINING HER FINAL INSTRUCTIONS ON TIMING FOR PRESENTING DRAFT CONTRACT TO FIGUEIREDO.

3. COMMENT: RARET MANAGER SAID SHE HAD UNDERSTOOD ALL ALONG FROM BIB AND RFE/RL THAT SHE WAS ACTUALLY TO NEGOTIATE -- IF PRESSED BY GOP REPRESENTATIVE TO DO SO -- DURING PORTUGUESE ELECTION PERIOD. EMBASSY, IN CONTRAST, UNDERSTOOD -- UNTIL APRIL 13 -- THAT SHE WAS MERELY TO CONTINUE TECHINCAL DISCUSSIONS REGARDING GOP'S DESIRES FOR SHORT-WAVE TRANS-MISSIONS TO WESTERN EUROPE. MANAGER THOUGHT THAT FIGUEIREDO WOULD BE UNLIKELY TO FOCUS ON CONTENT OF DRAFT CONTRACT UNTIL AFTER

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THE APRIL 25 ELECTIONS, EVEN IF HE RECEIVED THE DOCUMENT ON APRIL 19. EMBASSY BELIEVES WE CANNOT TAKE THAT CHANCE, AS THE USG ISSUE IS A KEY ONE WHICH SHOULD BE RESOLVED BEFORE DRAFT CONTRACT IS PRESENTED.
OKUN

NOTE BY OC/T: NOT PASSED TO USIA.

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